



# **2023 Budget Guidelines For Home Child Care Agencies with Fee Subsidy**

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**This version replaces the guidelines previously dated December 2021**

For help accessing this document, please contact Toronto Children's Services

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## Introduction

In November 2016, City Council approved a new model for funding licensed home child care agencies in the City of Toronto. The new model, developed in response to Toronto Children's Services' (TCS) review of Home Child Care, took effect January 1, 2018, and replaced the existing funding model with the nine licensed home child care agencies with a Service Agreement for fee subsidy with the City.

The new **Agency Operating Funding** (AOF) model will support eligible licensed home child care agencies by streamlining funding processes and improve agency stability. It replaced the "Daily Administrative Rate" model and rolled existing historic grants into one funding stream.

### Goals of AOF:

**Stability:** Increase Agency stability through predictable and regular funding payments.

**Efficiency:** Simplify the budget submission, approval and payment process for Agencies and staff while ensuring proper stewardship of public funds.

**Quality:** Support Home Child Care Providers as valuable partners in child care through equitable, predictable, transparent, and for many, higher payments.

**Affordability:** Support the Home Child Care sector in the ongoing effort to make child care more affordable for families.

## Purpose and Overview

The primary purpose of these guidelines is to provide Home Child Care agencies with a Service Agreement for fee subsidy with the City of Toronto, guidance on Toronto Children's Services' ("TCS") annual budget submission process for Home Child Care funding, and to assist agencies in completing the 2023 budget accurately. Agencies with a Service Agreement with the City are required to comply with these guidelines.

The guidelines outline budget submission deadlines, description of the allowable operating expenses that are funded by the City (and maximum funding thresholds if applicable), how information submitted in the budget may impact funding levels an agency receives, and a brief outline of the budget analysis conducted by TCS.

The guidelines are updated annually to reflect current legislation, guidelines, or policies issued by the Ministry of Education or the City of Toronto, to reflect changes to the child care system, or to provide clarity regarding service provider reporting requirements and/or the City's funding responsibilities in the child care sector.

## **Budgets and Their Use to Agencies and the Division**

Budgets are financial plans used by agencies. TCS uses the annual budgets as a mechanism to ensure accountability for the use of public funds which the City extends to service Providers. The Agency will use the funds provided only for the expenses that directly support the provision of home child care services in the City of Toronto.

Budgets are basic planning tools used by agencies. They provide the user with an overview of operations within an agency. TCS uses the budgets submitted by agencies to ensure that service providers, to which the City extends funds, are accountable for their authorized use. The funding paid to the agencies with whom the City has a service agreement are set based on budgeted expense information. As a result, ensuring the reasonableness of the budget information submitted by funded agencies is of critical importance.

### **What is Budget Analysis?**

TCS analyzes all of the information in the submitted budget to provide accountability over public funds while applying the City's relevant guidelines and policies. Analysis includes a review of the reasonableness, sustainability and overall financial health of the agency. The analysis is conducted based on knowledge of home child care, the agency's specific operations, and application of the City's relevant guidelines and policies. The amounts budgeted for the current year are also compared to the prior year's approved amounts and actual performance, as outlined in the audit, to identify significant variances, which may require follow-up.

### **City of Toronto Funding Responsibilities**

TCS enters into service agreements with various types of Agencies that provide services for children 0-12 years in the City of Toronto.

Licensed Home Child Care Agencies provide home child care services to private, full fee and subsidized families with children aged 0 – 12 in accordance with the Child Care and Early Years Act (CCEYA) and regulations, guidelines issued by the Ministry, and TCS's Home Child Care Assessment for Quality Improvement (AQI) measure. A Provider who has entered into an agreement with the agency provides the services in a private residence. The Provider agrees to provide home child care services in accordance with the CCEYA and related regulations.

Families in receipt of fee subsidy may choose to enroll their child(ren) at a child care centre or home child care agency with a service agreement for fee subsidy with the City. The home child care agency matches the family with a Provider who has an agreement with their agency.

TCS funds Home Child Care by:

- Funding the licensed agency for the approved expenses of operation via Agency Operating Funding, base funding which is determined by a review of the agency budget, and paid out in quarterly amounts. TCS is committed to providing funding up to the maximum resources available as directed by council and the City of Toronto budget.
- Paying the Agency, who in turn pays the Provider, an approved rate for each subsidized child receiving care at their home, less any assessed fees payable by the subsidized child's parent(s) to the agency, as verified through attendance submitted by the Provider to the Agency on a monthly basis.
- The provider rates are determined by the City through the annual budget process. Communication regarding these fees will be distributed to Agencies in advance of the effective date so that Agencies may inform families of the rate change. The public fee charged to families must not be less than the provider rate.
  - **New for CWELCC:** For agencies and eligible aged children that are participating in the **CWELCC** system, the provider rate may be higher than the reduced Fee Freeze Rate that families will pay.
- The City may also distribute a government supplement in addition to the provider rate. This must be paid to home providers by the agency.
- Funding the licensed agency for the specified approved funding applications such as Provincial Wage Enhancement Grant and Home Child Care Enhancement Grant.

## Home Child Care Agency Responsibilities

### Provider Listing

The Home Child Care agency must maintain an accurate record of their Active and Inactive Providers. The agency informs the Budget Support Assistant for their agency when there is a new Provider or the termination or closing of a Provider home so that TCS information remains accurate. This also enables the caseworker to complete the placement of children with the Provider who is delivering the service.

### Submission of Annual Home Child Care Budget

All Home Child Care Agencies must submit a realistic operating budget that will be used to calculate the Agency Operating Funding. Preparing the operating budget is a process that requires the agency's management to plan for the coming year.

Entering the details of the agency's budget into the TCS budget template is one aspect of an agency's budgeting process and should not be the extent of the agency's process of planning for the budget year. Agencies should discuss in advance, any planned changes to the agency's operations (e.g. staffing levels, service levels, or days of operation) with their TCS Budget Consultant who can advise the agency of whether changes to operations will impact funding levels, whether an application to

amend the Agency's Service Agreement is required, and the timing of any changes to the Agency's Service Agreement and/or funding.

### **Child Care Operating Standards**

The [Child Care Operating Standards \(CCOS\)](#) are part of TCS's quality framework. All service providers with a Service Agreement are required to meet the **financial requirements** outlined in the Operating Standards, which are available on the 'Early Learning & Child Care Partners' Assessment for Quality Assurance web page.

### **Audited Financial Statements**

In accordance with City policies and applicable Provincial guidelines, agencies with a Service Agreement must provide TCS with audited financial statements within four months of the agency's fiscal year end. For more information on the funding details and when audited financial statements are required, visit the [Audit Guidelines for Agencies](#).

In order for the City to effectively maintain financial reporting obligations, TCS will be implementing sanctions and penalties for non-compliance with business deadlines.

Agencies who are unable to meet the audit submission deadline must submit an extension request in writing to their TCS Budget Consultant. The extension request should include the reason for the extension as well as the anticipated submission deadline. Failure to submit the required statements in the specified format and/or timeline may result in sanctions being applied.

Financial Statement submissions must contain an Independent Auditors Report (Opinion Statement) signed by a Licensed Public Accountant who is independent of the Agency. It is the responsibility of the Agency to confirm the accountant has a valid license to perform Audits and/or Review Engagements in Ontario. For more information about Auditors and Audits, contact the Chartered Professional Accountants of Ontario

Organizations will be required to **revise and resubmit** audited financial statements that:

- Do not comply with Canadian Auditing Standards;
- Are not prepared based on the appropriate accounting standards;
- Are not completed by a Licensed Public Accountant;
- Are not in compliance with TCS Audit Guidelines and financial reporting requirements;
- Do not present the revenue and expenses using the same line by line format as in the approved Budget.

### **Audit Upload – Financial Statements and Documents**

In 2020, Toronto Children's Services launched a new document upload feature within Online Services

for Operators. This feature is available for all agencies, to upload Audited Financial Statements, Review Engagement Report, Management Letter and supporting Audit/Review Engagement documents. Agencies are able to use this new efficient method of submitting financial information starting with their 2019 fiscal year.

The upload feature can be accessed through Online Services for Operators, in Applications, under the "Financial" tab. Children's Services has also provided a training video to support the learning process for this new feature. The Financial Document Upload video can be found in the Operator's portal financial landing page under Tips, Tricks & Help.

For more information related to the required format of the audited financial statements, review the [Audit Guidelines for Agencies](#), which is available on the 'Early Learning & Child Care Partners - Contract & Financial Information' web page.

## **Governance**

- Agencies are required to maintain an up-to-date Form 1 – Ontario Corporation Schedule A, filed with the Ministry of Government Services. Please note that TCS may request Agencies to provide a current copy of the Form 1 as a part of the Agency review process.
- Non-profit agencies must submit a copy of the Annual General Meeting Minutes each year. The minutes must include the approval of previous year's AGM minutes; approval or availability of current years audited financial statements; election of the Board of Directors; and appointment of the auditor.
- The list of Board Members, Signing Officers and other agency contacts must be outlined on the Home Child Care budget submission. If the agency also includes licensed child care, this information must be kept current in the Online Services' Contacts and User Management tab. Instructions for maintaining this information can be found in the Contacts and User Management Guide, available on the Online Services-support tab.

## **Insurance**

- As insurance coverage is renewed, a copy of the updated certificate of insurance must be submitted. Agencies are now able to upload their Certificate of Insurance using the new document upload feature in the online portal. Prior to starting, please review the guide and video available under Tips, Tricks & Help on the right of the Financial Home page of the Operator Portal.
- The current minimum level required by the City of Toronto for general liability insurance is \$2 million.
- The certificate must list all locations in receipt of funding from the City, contain a cross liability clause, and name the City of Toronto as an additional insured.

## **Documentation**



- A number of supporting documents must be submitted with the annual budget in order to determine funding levels for the year, including current lease agreements and collective agreements.
- These documents are reviewed to assess the nature, type, and amount of expenses incurred by the agency.
- If these are not available at the time of submission, please inform the Budget Coordinator of the expected submission date. Failure to submit required documents may result in sanctions being applied.
- As per the Agency's Service Agreement with the City, the agency must make financial and enrolment records available to City staff upon request. The City may request access to the Agency's records any time during the term of the Agreement and for seven years after the expiry or termination of the Agreement.

### **Overpayment and Recovery**

- The agency must inform their TCS Consultant immediately of any overpayments made by the City and these funds are to be returned to the City within a pre-arranged period. Any overpayment determined through a grant reconciliation shall be returned with a signed reconciliation statement. The grant reconciliation will also be reviewed with the audited financial statements.
- TCS may also determine that a recovery is required through the following:
  - T4 and/or payroll review
  - Audited financial statement analysis (for up to 7 prior fiscal years)
  - Excess of 10% operating surplus in the fiscal year
  - Transactions not funded by the City, including Dividends
  - Inconsistent operating capacity resulting in Agency Operating Funding change or Agency Operating Funding not used in accordance with the guidelines and/or implementation plans, if applicable.
  - Any expenses or transactions not funded by the city as mentioned in this guideline may lead to a potential recovery, which will be adjusted, to reflect the percentage of city funding to total revenue. A repayment plan is negotiable on an individual basis, which considers timely repayment as well as the agency's ability to pay. TCS may withhold payments to recover the amount as determined through the recovery calculation.

### **Home Child Care Budget: A Step by Step Guide**

The goal is to fund home child care agencies for the actual cost of maintaining their operation. This base funding, referred to as the "Agency Operating Funding"(AOF) will be paid out in quarterly installments, and adjusted should the agency expand or decrease operations.

### **Budget Cover Page**

Complete the information required as highlighted in blue. Once the Agency ID is entered, the fields in grey will be populated including Agency Name, Address, Multi ID, and Auspice.

### **Current Officers of the Board/Agency**

Complete the information required as highlighted in blue.

Agencies with access to the Contacts and User Management tab in Online Services should make changes to Board Members and other Agency contacts through Online Services and may leave the name and signature section of this page blank.

Agencies without access to Online Services must complete this page. A separate listing with all names, addresses, and phone numbers of Board Members can be attached if a listing already exists. Any changes to the Board Members must be submitted to TCS. This also applies to changes in Signing Officers.

### **Provider Homes**

Complete the information required as highlighted in blue.

#### **License & operating information**

- Enter the license information such as renewal date, number of homes and home visitors
- When the agency's license includes number of homes and home visitors outside of City of Toronto, complete the section for the number of homes and home visitors for the operation within the City of Toronto.
- Enter the number of **operating** homes and **active** home visitors for the current budget year
- Enter operating information including standard work day hours, agency operating days and operating capacity.

#### **Children Services Service Provider Listing Report**

- A TCS report states the agency has service agreement with the provider including provider name, location ID, and total number of providers
- Review the providers on this report and compared with the agency records
- Provide the required info to TCS to update this report if there is discrepancy

**Reminder:** update your TCS Budget Support Assistant when providers are added, terminated, or made inactive during the year.

## Staff Salary Information

Complete the information required as highlighted in blue.

Salaries, wages, and benefit expenses make up a large majority of expenses in a service agency. Therefore, specific detail related to this category will be required, and particular emphasis will be given to this area of the budget during analysis.

For the purpose of determining agency funding, staff salaries cannot exceed the maximum salary established in the 2023 Salary Schedule, listed below. The maximum salary or hourly rate is the highest point in the range listed below. Where there is no range identified, the amount listed for salary or hourly rate is the maximum.

**Note:** The salary referred to in the budget **excludes** Provincial Wage Enhancement (PWE) payments and the Home Child Care Enhancement Grant (HCCEG), which should NOT be included in the budget submission. City budgets are "PWE/HCCEG FREE".

**New for CWELCC:** The salary in the budget excludes Canada-Wide Early Learning & Child Care (CWELCC) workforce compensation.

All salaries must be at least minimum wage of \$15.50 effective October 1, 2022. It is expected that home child care agencies will operate efficiently to maximize funding, both with homes per home visitor, and the number of children placed in each home. The expected efficient number of children per home would be agency wide annual averaged at 4.

An efficient ratio of Home Visitors to homes is considered 1:15; this reduced ratio recognizes the Sept 1/17 changes to the Child Care and Early Years Act regarding private and full fee agency placed children as well as the important role of the Home Visitor in extending support to Providers caring for children with extra support needs.

All roles are expected to support the 1:15 ratio. For example, a full time position/salary is allowed when an agency operates up to 105 homes for [supervisor](#), [clerical](#) and [administration](#).

**All** salaries may be verified by T4 and/or payroll review.

### Current Salary Schedule

Note: Salaries are subject to settlement of compensation for City of Toronto staff.

Program Staff (35 hour week)	City of Toronto Annual Salary Range	City of Toronto Hourly Salary Range
Home Visitor	\$66,212 to \$72,709	\$36.38 to \$39.95
Home CC Supervisor	\$92,593 to \$108,784	\$50.88 to \$59.77

<b>Program Staff (35 hour week)</b>	<b>City of Toronto Annual Salary Range</b>	<b>City of Toronto Hourly Salary Range</b>
Clerical Staff	\$59,496 to \$65,374	\$32.69 to \$35.92
Administrator	\$125,558	\$68.99

A home child care agency staff often fulfills more than one role in the agency. Rather than splitting themselves into different job classifications with different hourly wages, the AOF budget requires a listing of all agency staff, their title in the agency, total hours per day/days per year worked, their total base salary (no PWE or **CWELCC**) and then the different positions / roles / responsibilities they hold and percentage of time spent conducting that responsibility. The onus of providing this evidence belongs to the Agency and the Children's Services Consultant must document both the evidence gathered and the rationale for conclusion on reasonableness.

The total of the staffing information entered on the "Staff Salary Information" page will automatically default to the budget page, under "Column C" Budget Salaries and Wages.

### **Home Visitor**

- The number and name of Home visitors entered in the staffing page should match the names listed on the License
- The ratio of one full time FTE home visitor to 15 homes will be allowed in calculating the AOF. The total home visitor amount and FTE will be prorated when the number of homes is more than 15 homes

### **Supervisor**

A full time supervisor is approved when there are up to 105 homes or 7 FTE home visitors, or may be prorated when number of homes is more or less than 105 homes.

### **Clerical**

A full time clerical staff is approved when there are up to 105 homes, or may be prorated when number of homes is more or less than 105 homes

### **Administration**

Allowable administration expenses are those related to staff who perform administrative functions. Business travel, office expense, audit or professional fees, etc. are not considered allowable administration expenses and should be recorded under the appropriate expense category.

Expenses recorded in the administration category are for individuals or agencies that actually perform administrative services for the home child care agency.

There are three sub-categories of allowable administration expense: salaried administration, contracted administration, and central allocated administration. The total administration expense for an agency is the sum of the salaried administration, contracted administration, and central allocated administration expenses entered in the budget.

Administration expenses are reviewed for reasonableness as part of the budget analysis process, irrespective of the maximum allowable amount. The total amount of administration will be reviewed with all program types that are part of a multi-agency.

### **Salaried Administration**

This includes salary administration for an agency with up to 105 homes, or may be prorated when agency has less than 105 homes. More than one individual involved in administrative duties could share this maximum allowable administrative salary.

### **Contracted Administration**

This category includes non-salary contracted services (e.g. bookkeeping, accounting, or management services) and is included in the maximum allowable administration expenses. The Agency may be required to provide additional information or documentation to support the reasonableness of the contracted administration included in the budget.

### **Central Allocated Administration**

Agencies with multiple sites may include centralized administration expenses actually incurred and allocated to the locations that are funded. These expenses will be reviewed for reasonableness as part of the budget analysis process. The agency must provide clear evidence that supports this allocation and indicate its reasonableness.

Administration expenses must be detailed listing staff name, job duties, total salaries, total days/hours worked, and a percentage of salaries allocated to the home child care function.

Agencies who also submit budgets to TCS for Child Care Centres, EarlyOn Child Centres & Indigenous-Led (Journey Together) Programs, and/or Every Child Belongs (Special Needs Resourcing) should be sure that no one individual receives more than the maximum admin salary or is allocated more than 100% of their standard work day when all submitted budgets are considered.

## **Budget**

Although staffing comprises a majority of an agency's operating expenses, TCS supports operators by recognizing a number of other expenses to support quality child care. The provincial government provides a base funding of \$6,900 per home per year. Agencies whose cost per home exceeds this amount must demonstrate the need for the additional funding in order for TCS to provide the required funding. When completing the budget submission operators are required to provide the operating expenses for the budget year as well as actual expenses for the current calendar year. The budget year is defined as January 1<sup>st</sup> to December 31<sup>st</sup> operators must provide the revenue and expenses for the budget year, regardless of the agency's fiscal year.

All expenses must be related to the Home Child Care operations. If an Agency is multi-service, only the proportionate cost of HCC operations may be allocated to the HCC Budget. Verification may be requested for any line items.

Unforeseen circumstances may arise during the course of the year resulting in a variance between the agency's budget and its actual financial performance. Mid-year changes to an agency's operations may also have a significant impact on the operating expenses for the following year.

When the variances are more than 5% between actual amounts approved by TCS for the prior year and amounts budgeted for the current year, operators should provide detailed explanations regarding the reason for any variances as these explanations are used by TCS in assessing the reasonableness of the current year's budget submission.

### **Approved Prior Year (Column A)**

The revenue and expense amounts approved by TCS for the prior budget year are pre-populated in "Column A".

### **Reported Actuals (Column B)**

The revenue earned and expenses incurred for 2022 are entered by the Agency's in Column B. The amounts should be based on actual revenue and expenses from January 1 to September 30, 2022 and a reasonable estimate of the amounts for October 1 to December 31, 2022. For the 2022 actuals (Column B) the expenses and revenue must include COVID-19 related expenses and revenue.

Any funding received for Safe Restart and expenses related to this funding must be recorded in Actuals- Column B. Funding received can be entered in the "Other Funding Sources / Grants" line. Expenses related to this funding can be entered throughout the expense lines. Do not enter any funding or expenses related to Safe Restart or COVID-19 in the 2023 Budget- Column C.

Any Safe Restart funding that is unused by December 31, 2022 will be subject to a recovery.

## **Budget Current Year (Column C)**

The projected revenue and expenses for 2023 are entered by the Agency in "Column C" and must include **CWELCC** affordability funding. Projected revenue should be based on the location's current City funding levels and other continuing revenue sources not related to COVID-19. Please also consider any changes to service levels. Projected expenses should include salary increases, increases to operating expenses related to inflation/cost-of-living, and any other planned increases to operating expenses.

In 2023, there will be no increases allowed on the expense line for Training and Development. The approved expenses for these line items from the 2022 Budget will be the approved 2023 Budget expenses allowed.

## **Agency Approval of the Budget**

The budget submission must be approved by the Board of Directors or authorized agent and signed by a Signing Officer of the Board.

## **Full Fee**

Parent fees include full fee revenue as well as the parent portion of fee subsidy.

## **Fee Subsidy**

Budgeted fee subsidy revenue should be based on current funding levels (i.e. provider rates in effect at the time when the budget is submitted).

**New for CWELCC:** Any projected revenue from full fees and **CWELCC** affordability funding must be entered in the Full Fee revenue line. For example, if an agency projects to receive \$10,000 in **CWELCC** affordability funding, include the \$10,000 in the Full Fee revenue line of the budget submission.

## **Provider Payments**

TCS will determine the provider rates when Council approves the funding level. Use the current year provider rates to estimate the amount for "Column C". This amount is subtracted from Full Fee & Fee Subsidy to determine the Net Fee Revenue.

## **Agency Operating Funding (AOF)**

The AOF amount approved in the prior year's budget is reported "Column A" and will be the same amount for "Column B" and "Column C".

The total AOF funding should equal the AOF stated in the Schedule 2.3 of the Agency's Service Agreement. Once the budget is approved, AOF for the current year will be determined and the Agency will receive a revised Schedule 2.3 of the Service Agreement to reflect the change.

### Other Funding Sources / Grants

Funding received from other sources that will be used to cover general operating expenses for the agency should be reported under this category. Agencies that enter other funding sources are required to provide an explanation detailing the source of the funding and the intended purpose of the funding.

As a result of COVID-19, agencies may have accessed new funding sources and/or funding types to support operations. See list below:

Canada Emergency Wage Subsidy ("CEWS")
10% Wage Subsidy for Employers ("10% WS")
Canada Emergency Commercial Rent ("CECRA")
Canada Emergency Rent Subsidy ("CERS")
Canada Emergency Business Account ("CEBA")
Ontario Small Business Grant

Agencies are required to include all actual federal and provincial revenue types received within the Budget tab. This information will be recorded in Column B in the "Other Funding Sources/Grants" line.

### Salaries & Wages

Includes pre-populated data from Staff Salary Information page including total salaries for home visitor, supervisor and clerical positions.

### Benefits

Employer contributions are allowable in the budget up to a maximum of 25% of total salaries of all staff positions, excluding contracted positions.

### Administration

Includes pre-populated data from Staff Salary Information page including total salaries for administration and contracted administration positions.



## **Program Related**

- This category includes materials or expenses Home Visitors require to provide program support, or Provider start-up expenses.
- Agencies who lend equipment to contracted Providers (such as: strollers, cribs, cots and playpens for sleeping, safety gates, high chairs or other feeding chairs) may continue to include this expense in the budget.
- Partial or full reimbursement of equipment purchased by Providers is not allowed. These expenses are tax deductible as a contracted Home Child Care Provider.
- Agencies are subject to a maximum increase in this line of 2%.

## **Rent**

Rent must be verified by a copy of the current lease submitted to TCS. The lease must support the rent noted in the budget. A lease letter is acceptable in some cases. A lease or lease letter must include the following:

- Address on lease must correspond to the location of the home child care agency.
- Length of time of lease must be specified.
- Description of space being used for the home child care office or amount of square footage being used or the percent of building occupancy must be specified and reasonable.
- Documents must be signed, dated and on the letterhead of the landlord.
- Operators or related parties who own a building/space occupied by the agency and who charge rent to the agency must provide a Certified Market Value Assessment demonstrating the reasonableness of rent charged and comply with the Market Rent Appraisal requirements which can be found on the [TCS website](#).

## **Mortgage Carrying Costs**

Interest charged for a mortgage is recognized, but not the principal portion of the mortgage loan. Cost must be verified through a copy of the current mortgage document.

## **Utilities and Maintenance**

- This category is for expenses related to the repair and upkeep of the property in which the agency office is located and directly related to the home child care operation. If utilities are not included in the rent as verified in the lease, actual expenses for utilities (such as: hydro, heat, water, garbage) can be included. Verification of utility expenses may be requested.
- This category also includes cleaning supplies and sanitary paper products (such as: toilet paper, paper towels) for the home child care operations.

## **Amortization/Depreciation**

- This category includes expenses of a capital nature that individually exceed \$5,000. This may include depreciable assets such as computer hardware, furniture and depreciable leasehold improvements.
- Invoices must be provided as supporting documentation for any amortization amount included in the budget submission. All purchases in this category must be depreciated/amortized over a minimum of five years. However, the number of years of depreciation/amortization may vary depending on the asset. For example, significant leasehold improvements may be amortized over the term of the lease.
- The expenses allowed under this category are not the same as the amortization expense reported in the financial statements. Amortization for accounting purposes represents the allocation of capital expenditures based on the agency's own accounting policies for calculating amortization and is not an allowable budget expense.
- If an agency is budgeting amortization expenses in the budget, the Amortization Expenses spreadsheet must be completed and submitted with invoices. This spreadsheet is available as the last tab in the budget template. In situations where an agency has funding from TCS for additional program areas such as Group Child Care, the amortized expense will be analyzed as a whole amount and attributed accordingly.

## **Insurance**

- Only insurance expenses related to the home child care program are allowed. No automobile insurance is allowed.
- This category includes expenses related to coverage of not less than \$2 million general liability and coverage for Director's liability.
- The insurance certificate must contain a cross liability clause that names the City as additional insured.

## **Cleaning**

- Includes the cost for contracted cleaning services of the home child care agency office.

## **Office Related**

- Office supplies; laminating; printing and photocopying; postage/courier expenses; internet/data charges; telephone including mobile phones.
- Licensing fee.
- Computer hardware: including desktop, laptops and tablets.
- Computer software.
- Office furniture and equipment.
- Marketing and advertising; bank charges.

- Professional memberships and Board expenses.
- Any office related items greater than \$5,000 should be reported under the amortization/depreciation expense category.

### **Professional Fees**

Professional fees include audit fees. It does not include bookkeeping expenses, which are to be reported in administration (salaried or contracted).

### **Legal**

This includes legal expenses related to the home child care program and may require a breakdown of expenses and/or proof of expenditure.

### **Training and Development**

- **No increases for Training and Development related expenses** for 2023. The approved expense will remain at the approved 2022 Budget amount.
- Staff training and development such as conferences, workshops, resource materials and books, professional subscriptions and other professional development.
- Expenses related to parent education.
- Cost related to learning opportunities for Providers.

### **Business Travel**

- TTC, meterage and parking for Home Visitors and other agency staff on home child care business.
- Maximum rate to determine meterage reimbursement is the City's approved allowance, currently 61 cents per kilometer.

### **Other**

- Expenses that have not already been itemized. A description of the cost must be provided.
- As per the provincial child care funding guidelines, fees paid on behalf of staff for membership in professional organizations such as the College of Early Childhood Educators (ECE) are inadmissible.

### **Surplus (Deficits)**

The Surplus/Deficit AOF only identifies revenue and expenses related to Agency Operating Funding. This excludes net fee revenue and other funding sources/grants. **This line will identify proposed changes to the AOF funding for the agency in "Column C".**

## **Cost per Home**

- This amount will be calculated automatically. TCS uses the budget submission to review cost per home and to determine the reasonability in comparison to actual expenses identified through the budget submission and audited financial statements.
- The mid-year adjustment for service expansion and reduction will be determined throughout the year.

## **Variances**

The variance tab must be completed with comments for any variance increase/reduction over 5%.

## **Inadmissible Expenses**

The following expenses are considered inadmissible:

- Bonuses (including retiring bonuses), gifts and honoraria paid to staff are inadmissible expenses except when they are provided as a retroactive wage increase that will be maintained the following year.
- Debt expenses including principal and interest payments related to capital loans, mortgage financing and operating loans;
- Property taxes for provider homes;
- Non-arm's length transactions not transacted at fair market value;
- Fees paid on behalf of staff for membership in professional organizations such as the College of Early Childhood Educators; and
- Any other expenditure not listed under the allowable expenses in the Provincial Funding Guidelines.

## **TCS Approval of budget**

TCS will review the budget package submitted by the agency for the reasonable operating expenses associated with the number of homes in determining the agency operating funding level for year. The approved agency operating funding will be reflective in Schedule 2.3 of the service agreement. The approved provider rates for each service offerings will be reflective on Schedule 2.1 of the service agreement.

**New for CWELCC:** Any **CWELCC** funding that Agencies will receive will be reflected on Schedule 17 and communicated.

## **Mid-Year Adjustment**

If during the year, the operation incurs a significant expense which cannot be managed within the approved funding envelope, the agency may submit a request for an in year adjustment.

If the agency also experiences significant growth or reduction in service due to enrollment, a mid-year adjustment may be requested. Due to the nature of Home Child Care agencies, there is flexibility to increase or decrease by 5 homes before any adjustment to the funding allocation is required.

### **Budget submission**

Please email the completed excel version and a PDF scanned signed copy of the completed budget to your Budget Consultant by **November 30, 2022**.

Please retain a copy of the budget submission at the agency for your files.

If you have any questions about the budget submission, contact your Budget Consultant or Budget Coordinator.